

AN ACT

To further amend section 805 of title 54 of the Code of the Federated States of Micronesia (Annotated), as amended by Public Laws Nos. 18-107, 21-152, 22-57 and 22-139, to authorize on an extraordinary basis that the Chuuk State's share of the extra 20% of net taxes collected during fiscal year 2023 be remitted to Chuuk State, with certain provisos, and for other purposes.

BE IT ENACTED BY THE CONGRESS OF THE FEDERATED STATES OF MICRONESIA:

1 Section 1. Section 805 of title 54 of the Code of the
2 Federated States of Micronesia (Annotated), as amended by Public
3 Laws Nos. 18-107, 22-152, 22-57, and 22-139, is hereby further
4 amended to read as follows:

5 "Section 805. Distribution of revenues

6 (1) Distribution to the States.

7 (a) The treasurer of the Federated States of
8 Micronesia shall pay eighty percent of the net taxes
9 collected pursuant to section 221(9) of this title, and
10 fifty percent of all other net taxes collected pursuant
11 to sections 121, 141, and 221 of this title into the
12 treasury of the State Government to which the taxes are
13 attributable for appropriation by the State legislature.

14 (b) Subject to Part (e) below, an additional
15 twenty percent for the total of all other net taxes
16 collected pursuant to sections 121, 141, and 221 of this
17 title after the Treasurer of the Federated States of

1 Micronesia has administered distribution under part (a)
2 shall be deposited by the treasurer of the Federated
3 States of Micronesia into the States' sub-account "A" of
4 the FSM Trust Fund on behalf of the National Government
5 for the State government to which the taxes are
6 attributable. The additional twenty percent (20%)
7 deposited by the National Government into individual
8 States sub-account A may not be withdrawn by States.

9 (c) Twenty-five percent of the amount remaining,
10 after the transfer of funds pursuant to parts (a) and
11 (b) of this subsection, of the net taxes collected
12 pursuant to subsection 221(1) of this title shall be
13 placed in an account to be used solely for post-graduate
14 school scholarships or full-time post-secondary courses
15 of study leading to commercial Federal Aviation
16 Administration (FAA) licenses, ratings and
17 certifications. The allottee of the scholarship funds
18 shall be the President of the Federated States of
19 Micronesia or his designee;

20 (d) Except as specifically provided in parts
21 (a), (b) and (c) of this subsection, all net taxes
22 collected shall be part of the General Fund of the
23 Federated States of Micronesia, subject to appropriation
24 by Congress pursuant to title 55 of the Code of the
25 Federated States of Micronesia.

1 (e) On an extraordinary basis the extra 20% of
2 net taxes collected during fiscal years 2021 and 2022,
3 as defined in part (b) of this subsection above, shall
4 be remitted to the States and not to the FSM Trust Fund.
5 On an extraordinary basis, Kosrae State's share of the
6 extra 20% of net taxes, as provided in part (b) of this
7 subsection above, collected during fiscal year 2023
8 shall not be deposited into the FSM Trust Fund but shall
9 be remitted in full to Kosrae State. For Chuuk State's
10 share of the extra 20% of net taxes, as provided in part
11 (b) of this subsection above, collected during the
12 fiscal year 2023 shall be not deposited into the FSM
13 Trust Fund but shall be remitted in full to Chuuk State;
14 PROVIDED, HOWEVER, that such amount, as necessary, shall
15 be used to defray what Chuuk State may owe to
16 municipalities for prior years pursuant to the 8%
17 revenue sharing required under section 6 of article VIII
18 of the Constitution of the State of Chuuk; PROVIDED,
19 FURTHER, that the Governor shall be the allottee of such
20 funds and shall provide guidelines for the proper
21 allocation, distribution, and safeguard of the funds.
22 For Pohnpei State, its share for fiscal year 2023 shall
23 be remitted to fuel wholesalers for the purpose of
24 providing a fuel subsidy on gasoline, diesel, and
25 kerosene to Pohnpei residents. For Yap State, its share

1 for Fiscal Year 2023 shall be deposited into the FSM
2 Trust Fund, as provided in part (b) of this subsection
3 above.

4 (2) 'Net taxes' as used in subsection (1) of this section
5 means gross collections of taxes, penalties, Interest, or
6 other related charges less refunds."

7 Section 2. This act shall become law upon approval by the
8 President of the Federated States of Micronesia or upon its
9 becoming law without such approval.

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October 14th _____, 2022

/s/ David W. Panuelo
David W. Panuelo
President
Federated States of Micronesia